



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OLL #
84-1859

April 30, 1984

Chrono

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Central Intelligence Agency
Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
National Foundation on the Arts and the Humanities
Small Business Administration
U.S. Information Agency
Veterans Administration
U.S. Postal Service
District of Columbia

SUBJECT: Administration's Retirement Reform Legislation

Attached for your agency's information is a copy of the Administration's civil service retirement reform legislation which was submitted to the Congress by the Office of Personnel Management on April 27, 1984.

Naomi R. Sweeney

Naomi R. Sweeney for
Assistant Director for
Legislative Reference

Enclosures



United States
**Office of
Personnel Management**

Washington, D.C. 20415

APR 27 1984

In Reply Refer To

Your Reference

Honorable George Bush
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

The Office of Personnel Management submits herewith a legislative proposal, "To amend title 5, United States Code, to reform the Civil Service Retirement System, and for other purposes." This proposal would implement recommendations contained in the President's budget for fiscal year 1985. We request that you refer this proposal to the appropriate committee for early consideration.

The major provisions of this legislation are designed primarily to curtail unnecessary and excessive expenditures for benefits under the Civil Service Retirement System and to bring the program more into line with private sector practices.

Under the proposal, the determination of an individual's average pay for the purpose of computing retirement benefits would use the highest earnings over a five-year period, rather than three years as at present. This change would not take effect until October 1, 1987, and would not affect anyone eligible to retire by that date.

The rates at which employees and agencies contribute to the Retirement System would be increased by 1 percent in each of the next 2 fiscal years. With respect to most employees, this would mean deductions at an 8 percent rate in fiscal year 1985 and 9 percent in fiscal year 1986 and thereafter.

Several changes would be made with respect to cost-of-living adjustments (COLA's) in Civil Service Retirement annuities. Non-disability civilian retirees who have not reached age 62 by the effective date of the December 1984 COLA would receive one-half of the increase, in accordance with the Reconciliation Act of 1982, but the "floor" on the one-half COLA under that Act would be eliminated for civilian retirees. Beginning with the December 1984 COLA, full COLA's would be applied only to the first \$10,000 of annuity (increased in subsequent years by the COLA percentage for the preceding year), with any annuity over that base amount being adjusted by 55 percent of the COLA. Beginning in December 1985, the under-62 provision would no longer apply, but adjustments would be based on the lesser of (1) the General Schedule pay increase effective in the same fiscal year or (2) the change in the Consumer Price Index (CPI). These COLA changes are not intended to affect military retirees, and a provision in the bill would exclude military retired and retainer pay from automatic application of the COLA changes.

Honorable George Bush

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Further changes would be the phasing out of survivor benefits for post-secondary students and the elimination of the minimum annuity for future beneficiaries.

Employees of the government of the District of Columbia hired on or after October 1, 1984, would be excluded from the Civil Service Retirement System, the Federal Employees' Group Life Insurance Program, and the Federal Employees Health Benefits Program.

We estimate that the proposed changes in Civil Service Retirement would produce the following savings for the unified budget:

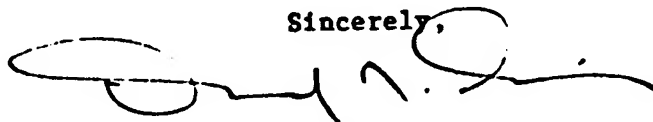
Fiscal Year 1985	\$ 906 million
Fiscal Year 1986	1,931 million
Fiscal Year 1987	2,177 million
Fiscal Year 1988	2,431 million
Fiscal Year 1989	<u>2,709 million</u>
1985-89 total	\$10,154 million

We believe this proposal is particularly significant in that it clearly demonstrates our commitment to eliminating unwarranted expenditures and restoring Federal workers and retirees to a position which is more consistent with that enjoyed by other individuals throughout our economy.

The Office of Management and Budget advises that enactment of this proposal would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely,



Donald J. Devine
Director

Enclosures

STATEMENT OF PURPOSE AND JUSTIFICATION

To accompany a draft bill

"To amend title 5, United States Code, to reform the Civil Service Retirement System, and for other purposes."

At present, the Civil Service Retirement System has a dynamic normal cost to the Government of approximately 29.5 percent of payroll, which is considerably more than private sector employers generally spend for their employees' retirement benefits. This bill contains several provisions designed to reduce the high cost of the Civil Service Retirement System while preserving an adequate level of retirement income for Federal employees.

"High-Five-Year" Average Salary

Since 1969, Civil Service annuities have been computed based on each employee's highest average annual earnings during 3 consecutive years. Before 1969, a "high-five-year" rather than a "high-three-year" average salary was used. This bill would return to the "high-five-year" salary. This change would not apply to anyone who is eligible to retire on or before October 1, 1987, when the provision would become effective. We estimate that this amendment will reduce outlays by \$12 million in fiscal year 1988 and \$39 million in fiscal year 1989.

Increase in Employee and Agency Contributions

This provision would raise employees' salary deductions for retirement benefits from the present 7 percent of salary to 8 percent in fiscal year 1985 and 9 percent in fiscal year 1986 and thereafter. There would be a corresponding increase in the contribution rates of special groups, such as firefighters, whose contribution rates are slightly higher than the rate for employees generally. Employer contributions to the Retirement Fund would also increase, matching the increase in contribution rates of employees. We anticipate the following additional income from employees, the U.S. Postal Service, the District of Columbia government, and other non-Federal entities as a result of this change:

Fiscal Year 1985	\$ 793 million
Fiscal Year 1986	1,685 million
Fiscal Year 1987	1,786 million
Fiscal Year 1988	1,888 million
Fiscal Year 1989	1,992 million
1985-89 total	<u>\$8,144 million</u>

Limit on Cost-of-Living Adjustments

Under 5 U.S.C. 8340, as amended by the Omnibus Budget Reconciliation Act of 1983, an annual cost-of-living adjustment (COLA) is effective on December 1 of each year (and is first paid in the annuity checks issued at the beginning of January), based on the rise in the Consumer Price Index (CPI) between the third quarter of that calendar year and the third quarter of the preceding calendar year.

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Under this proposal, the full COLA would be payable on the first \$10,000 of annuity, with any excess being adjusted by 55 percent of the COLA. In accordance with Public Law 97-253, non-disability retirees under age 62 would receive one-half of the COLA otherwise effective in December 1984, but the 3.3 percent "floor" under that law would not apply. While the December 1984 adjustment would be based solely on the change in the CPI, in subsequent years, in lieu of using the CPI alone, the full COLA amount would be the lesser of the increase in General Schedule pay or the third-quarter-to-third-quarter CPI change. The \$10,000 base amount to which the full increase applies would be adjusted, beginning in 1985, by the amount of the previous year's COLA.

These proposed changes are designed to curb the excessive growth in annuities that has resulted from the compounding of COLA's over the years, causing many annuitants to receive retirement benefits that are disproportionate to the compensation of current Federal employees. We estimate that these changes will result in the following savings:

Fiscal Year 1985	\$ 108 million
Fiscal Year 1986	230 million
Fiscal Year 1987	363 million
Fiscal Year 1988	503 million
Fiscal Year 1989	648 million
1985-89 total	<u>\$1,852 million</u>

These proposed changes would also apply to certain other retirement systems for Government employees, such as the Foreign Service Retirement System, under which COLA's are linked to Civil Service Retirement COLA's.

Survivor Benefits for Adult Students

Survivor benefits which are now payable to young adults between ages 18 and 22 who are full-time students in post-secondary schools would be eliminated by the proposal. These changes are designed to eliminate from the retirement program the responsibility for providing post-secondary educational assistance, in view of other programs that provide such assistance, and are prompted by similar changes made to the Social Security program by the Omnibus Budget Reconciliation Act of 1981. Future recipients would be allowed to continue benefits beyond age 18 only until the earlier of completion of secondary school or attainment of age 19. Current recipients would be permitted to continue under the program until they reach age 22 or leave school, whichever comes first. We estimate that these changes will produce the following savings:

Fiscal Year 1985	\$ 5 million
Fiscal Year 1986	16 million
Fiscal Year 1987	28 million
Fiscal Year 1988	29 million
Fiscal Year 1989	30 million
1985-89 total	<u>\$108 million</u>

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Elimination of Minimum Annuity

Under current law, a minimum annuity equal to the now-eliminated minimum Social Security benefit is paid to any annuitant whose annuity would otherwise be less than that and who is not receiving any other Federal retirement benefit, including Social Security, military retired pay or survivor's benefits, or veterans' compensation, which exceeds the Social Security minimum. The minimum annuity provision was incorporated in the Civil Service Retirement System to parallel the Social Security benefit. With the elimination in 1981 of the minimum Social Security benefit for new recipients, there is no justification for the continuation of the minimum annuity provision in the Civil Service Retirement System. This proposal would eliminate the benefit for annuitants whose annuities commence after enactment. Low annuities under the retirement program generally reflect brief service, and the recipients would not generally be dependent solely on Civil Service Retirement benefits for support.

Exclusion of D.C. Government Employees

Currently, employees of the government of the District of Columbia are covered by the Civil Service Retirement System, the Federal Employees' Group Life Insurance Program, and the Federal Employees Health Benefits Program. Consistent with the concept of home rule for the District of Columbia, individuals hired by the government of the District of Columbia after September 30, 1984, would be excluded from the Federal retirement, life insurance, and health benefits programs.

A BILL

To amend title 5, United States Code, to reform the Civil Service Retirement System, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Civil Service Retirement Reform Act of 1984".

Sec. 2. Chapter 83 of title 5, United States Code, is amended--

(1) in section 8331--

(A) by repealing paragraph (1)(G);

(B) by repealing paragraph (1)(iv);

(C) in paragraph (4) by striking out "3" both times it appears and inserting in lieu thereof "5";

(D) in paragraph (7) by striking out ", the government of the District of Columbia,"; and

(E) in paragraph (20)--

(i) in subparagraph (B) by inserting "and" after the semicolon at the end thereof;

(ii) in subparagraph (C) by striking out "and" after the semicolon at the end thereof; and

(iii) by repealing subparagraph (D);

(2) in section 8332(b) by repealing paragraph (9);

(3) in section 8334--

(A) in subsection (a)(1) by amending the first sentence to read as follows:

"The employing agency shall deduct and withhold from the basic pay of an employee, a Congressional employee, a Member, a law enforcement officer, a firefighter, a bankruptcy judge, and a judge of the United States Court of Military Appeals, the appropriate percentage specified in subsection (c) of this section."; and

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(B) by amending subsection (c) to read as follows:

"(c) Deductions from the basic pay of each employee, Congressional employee, Member, law enforcement officer, firefighter, bankruptcy judge, or judge of the United States Court of Military Appeals shall be made in accordance with the following table. Each individual credited with civilian service after July 31, 1920, for which retirement deductions or deposits have not been made, may deposit with interest an amount equal to the following percentages of his basic pay received for that service:

	"Percentage of basic pay	Service period
"Employee-----	2 1/2 -----	August 1, 1920, to June 30, 1926.
	3 1/2 -----	July 1, 1926, to June 30, 1942.
	5 -----	July 1, 1942, to June 30, 1948.
	6 -----	July 1, 1948, to October 31, 1956.
	6 1/2 -----	November 1, 1956, to December 31, 1969.
	7 -----	January 1, 1970, to September 30, 1984.
	8 -----	October 1, 1984, to September 30, 1985.
	9 -----	After September 30, 1985.
"Member or employee for Congressional employee service-----	2 1/2 -----	August 1, 1920, to June 30, 1926.
	3 1/2 -----	July 1, 1926, to June 30, 1942.
	5 -----	July 1, 1942, to June 30, 1948.
	6 -----	July 1, 1948, to October 31, 1956.
	6 1/2 -----	November 1, 1956, to December 31, 1969.
	7 1/2 -----	January 1, 1970, to September 30, 1984.
	[To be determined by Congress] -----	After September 30, 1984.
"Member for Member service-----	2 1/2 -----	August 1, 1920, to June 30, 1926.
	3 1/2 -----	July 1, 1926, to June 30, 1942.
	5 -----	July 1, 1942, to August 1, 1946.
	6 -----	August 2, 1946, to October 31, 1956.
	7 1/2 -----	November 1, 1956, to December 31, 1969.
	8 -----	January 1, 1970, to September 30, 1984.
	[To be determined by Congress] -----	After September 30, 1984.

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"Law enforcement officer
for law enforcement
service and firefighter
for firefighter
service-----

2 1/2 ----- August 1, 1920, to June 30, 1926.
3 1/2 ----- July 1, 1926, to June 30, 1942.
5 ----- July 1, 1942, to June 30, 1948.
6 ----- July 1, 1948, to October 31, 1956.
6 1/2 ----- November 1, 1956, to December 31,
1969.
7 ----- January 1, 1970, to December 31,
1974.
7 1/2 ----- January 1, 1975, to September 30,
1984.
8 1/2 ----- October 1, 1984, to September 30,
1985.
9 1/2 ----- After September 30, 1985.

"Bankruptcy judge----- 2 1/2 ----- August 1, 1920, to June 30, 1926.
3 1/2 ----- July 1, 1926, to June 30, 1942.
5 ----- July 1, 1942, to June 30, 1948.
6 ----- July 1, 1948, to October 31, 1956.
6 1/2 ----- November 1, 1956, to December 31,
1969.
7 ----- January 1, 1970, to September 30,
1984.
8 ----- October 1, 1984, to September 30,
1985.
9 ----- After September 30, 1985.";

"Judge of the United
States Court of
Military Appeals for
service as a judge
of that court-----

8 ----- September 23, 1983, to September 30,
1984.
9 ----- October 1, 1984, to September 30,
1985.
10 ----- After September 30, 1985.";

(4) by amending section 8340(b) to read as follows:

"(b)(1) Except as provided in paragraph (2) of this subsection and
subsections (c) and (g) of this section, effective December 1 of each year,
each annuity having a commencing date not later than such December 1 shall
be increased by the lesser of--

"(A) the overall average percentage (as set forth in the report
transmitted to Congress under section 5305 of this title) of the

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adjustment in the rates of pay of the General Schedule taking effect in the same fiscal year, adjusted to the nearest 1/10 of 1 percent (or zero, if no such adjustment is taking effect); or

"(B) the percent change in the price index for the base quarter of that year over the price index for the base quarter of the preceding year, adjusted to the nearest 1/10 of 1 percent.

"(2)(A) In the case of an annuity payable from the Fund which exceeds the base amount determined under subparagraph (B) of this paragraph, only that portion of the annuity which does not exceed the base amount shall be increased by the percentage determined under paragraph (1) of this subsection, and any portion of the annuity which exceeds the base amount shall be increased by 55 percent of the percentage determined under paragraph (1) of this subsection.

"(B) For the purpose of this paragraph, the base amount shall be--

"(1) in calendar year 1984, \$10,000; and

"(11) in each subsequent calendar year, the base amount for the preceding calendar year, increased by the percentage determined under paragraph (1) of this subsection for the adjustment taking effect on December 1 of such preceding calendar year, and rounded to the next lowest dollar.";

(5) in section 8341--

(A) in subsection (a)(4)--

(1) by amending subparagraph (C) to read as follows:

"(C) such unmarried dependent child between 18 and 19 years of age who is a full-time elementary or secondary school student.";

(11) by amending the next to the last sentence to read as follows:

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"For the purpose of this paragraph and subsection (e) of this section, the benefits of a child who is entitled solely under subparagraph (C) of this paragraph to benefits under this section terminate at the end of the month in which he ceases to be a full-time elementary or secondary school student, or the end of the month prior to the month in which he attains age 19, whichever is earlier."; and

(iii) in the last sentence by striking out "5" and inserting in lieu thereof "4";

(B) in subsection (e)(2)--

(i) in the first sentence by striking out "(a)(3)" and inserting in lieu thereof "(a)(4)"; and

(ii) in subparagraph (C) by striking out "22" and inserting in lieu thereof "19";

(6) in section 8345--

(A) in subsection (b)(2)--

(i) in subparagraph (A) by striking out "and" at the end thereof;

(ii) in subparagraph (B) by inserting "and" after the semicolon; and

(iii) by inserting after subparagraph (B) the following new subparagraph:

"(C) an employee or Member retiring in the first 3 days of any month;"; and

(B) by repealing subsection (f); and

(7) by repealing section 8347(h).

Sec. 3. Chapter 87 of title 5, United States Code, is amended--

(1) by repealing section 8701(a)(5); and

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(2) in section 8716(b)--

(A) in paragraph (1) by inserting "or" at the end thereof;

(B) by striking out paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2).

Sec. 4. Chapter 89 of title 5, United States Code, is amended--

(1) in section 8901--

(A) by repealing paragraph (1)(E); and

(B) in paragraph (2) by striking out "and the government of the District of Columbia"; and

(2) in section 8913(b)--

(A) in paragraph (1) by inserting "or" at the end thereof;

(B) by striking out paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2).

Sec. 5. Notwithstanding section 301(a) of Public Law 97-253, the fiscal year 1985 cost-of-living adjustment under a Government retirement system for civilian employees, in the case of a retired employee or Member who is under 62 years of age on the effective date of such increase (except an individual whose retirement is based on disability), shall be one-half of the increase that would otherwise be provided such retired employee or Member under such retirement system.

Sec. 6. (a) Except as otherwise provided by this section, the amendments made by section 2 of this Act shall take effect on the date of enactment of this Act.

(b) The amendments made by section 2(1)(C) of this Act shall take effect on October 1, 1987, and shall apply only to individuals who first become eligible for immediate retirement under chapter 83 of title 5, United States Code, on or after that date.

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(c) Notwithstanding section 8340(b) of title 5, United States Code, as amended by section 2(4) of this Act, the percentage amount determined under paragraph (1) of section 8340(b) for the annuity increase taking effect on December 1, 1984, shall be determined solely on the basis of the percent change determined under subparagraph (B) of that paragraph.

(d) Notwithstanding the amendments made by section 2(5) of this Act, an annuity being paid on the date of enactment of this Act to an individual described in section 8341(a)(4)(C) of this title, as that section existed prior to the enactment of this Act, who was attending school on that date, shall be continued without regard to those amendments until the individual reaches age 22 or first ceases to be a student.

(e) No annuity may be reduced below the rate in effect on the date of enactment of this Act by reason of the amendment made by section 2(6)(B) of this Act, or by reason of the manner in which section 8345(f) of title 5, United States Code, was applied by the Office of Personnel Management prior to such date, and collection of any overpayments made by reason of the Office's application of section 8345(f) prior to such date is hereby barred.

(f)(1) The amendments made by sections 2(1)(A)-(B), 2(1)(D)-(E), 2(2), 2(7), 3, and 4 of this Act shall take effect on October 1, 1984, and shall apply to service performed on or after that date.

(2) Notwithstanding paragraph (1) of this subsection, in the case of any individual who is employed by the government of the District of Columbia on September 30, 1984, and whose employment is subject to subchapter III of chapter 83, chapter 87, or chapter 89 of title 5, United States Code, the provisions of such subchapter or chapters shall continue to apply as if the amendments enumerated in paragraph (1) of this subsection had not been

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enacted so long as such individual is continuously employed by the government of the District of Columbia. For the purpose of this paragraph, an individual who leaves such employment with the government of the District of Columbia for 365 consecutive days or less, or an individual who leaves such employment to perform full-time military service (including service in the National Guard or Reserve Forces of the United States) for a period exceeding 365 consecutive days and who exercises reemployment rights under chapter 43 of title 38, United States Code, shall be considered to be continuously employed by the government of the District of Columbia during the break in service, regardless of whether such break in service begins before, on, or after September 30, 1984.

(g) Notwithstanding the amendments made to section 8340(b) of title 5, United States Code, by section 2(4) of this Act, the amount of any adjustment in military retired and retainer pay that is determined under section 1401a of title 10, United States Code, by reference to section 8340(b) shall be determined as if such amendments had not been enacted.

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SECTION-BY-SECTION ANALYSIS

To accompany a draft bill

"To amend title 5, United States Code, to reform the Civil Service Retirement System, and for other purposes."

The first section titles the bill as the "Civil Service Retirement Reform Act of 1984."

Section 2 contains the various amendments to chapter 83 of title 5, United States Code, designed to curtail unnecessary and excessive expenditures for Civil Service Retirement benefits and to bring the program closer into line with private sector practices.

Paragraph (1) of section 2 amends section 8331(1)(G); (1)(iv), (7), and (20) to exclude from the Civil Service Retirement System certain individuals who are employed by the District of Columbia government. It also amends section 8331(4) to base average pay (which is used as the base for computing annuities) on the highest earnings during five consecutive years of creditable service rather than three.

Paragraph (2) of section 2 amends section 8332(b) to eliminate retirement credit for certain future service performed for the District of Columbia government.

Paragraph (3) of section 2 amends section 8334 by amending subsection (a) to link employee deductions and employer contributions to the percentages specified in subsection (c), and by amending subsection (c) to increase the percentage rates for employee deductions and employer contributions by 1 percent in each of the next 2 fiscal years. No change is specified by the bill for the deductions or contributions for Members of Congress or Congressional employees.

Paragraph (4) of section 2 amends section 8340(b) to base cost-of-living adjustments on the lesser of the average adjustment (including zero, if applicable) in General Schedule pay rates during the same fiscal year, or the change in the Consumer Price Index (CPI). The amendments also provide that the amount of any annuity exceeding a specified base amount shall be increased by only 55 percent of the cost-of-living adjustment otherwise payable. The base amount in 1984 shall be \$10,000, which shall be increased in each succeeding year by the percentage of the cost-of-living adjustment taking effect the preceding December.

Paragraph (5) of section 2 amends section 8341 by amending subsections (a) and (e) to eliminate survivor benefits for students in post-secondary schools and to terminate benefits for elementary or secondary school students at the end of the month prior to completion of school or at age 19, whichever comes first. It also corrects an erroneous citation and changes the permissible interim period between school years from 5 months to 4 months.

Paragraph (6) of section 2 amends section 8345 by amending subsection (b)(2) to incorporate in title 5, United States Code, a commencing date provision enacted as a part of Public Law 97-377, and by repealing subsection (f) relating to minimum annuities.

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Paragraph (7) of section 2 amends section 8347 to delete subsection (h), consistent with the exclusion of the government of the District of Columbia from the Retirement System.

Section 3 amends sections 8701(a)(5) and 8716(b) of title 5, United States Code, to exclude from the Federal Employees' Group Life Insurance Program certain individuals who are employed by the government of the District of Columbia.

Section 4 amends sections 8901 and 8913(b) of title 5, United States Code, to exclude from the Federal Employees Health Benefits Program certain individuals who are employed by the government of the District of Columbia.

Section 5 provides that, for nondisability civilian retirees who are under 62 on the effective date of the adjustment, the cost-of-living adjustment taking effect in December 1984 (payable January 1, 1985) shall be one-half of the amount otherwise prescribed.

Section 6 provides in subsection (a) that, except as otherwise provided by that section, the amendments made by section 2 of the Act shall take effect on the date of enactment of the Act.

Subsection (b) provides that the amendments made by section 2(1)(C) of the Act, concerning average pay, will take effect on October 1, 1987, and will apply only to individuals who first become eligible for immediate retirement under chapter 83 of title 5, United States Code, on or after that effective date.

Subsection (c) provides that the cost-of-living adjustments taking effect in December 1984 (payable January 1, 1985) will be based on the increase in the CPI for the third quarter of calendar year 1984 over the CPI for the third quarter of calendar year 1983, rather than on the lesser of this amount or the increase in General Schedule pay.

Subsection (d) provides, notwithstanding the amendments made by section 2(5) of the Act, for the continuation of benefits without regard to those amendments for any student receiving benefits on the date of enactment until the student reaches age 22 or first ceases to be a student.

Subsection (e) provides that no annuity may be reduced below the rate payable on the date of enactment of this Act by reason of the amendment made by section 2(6)(B) of the Act, concerning minimum annuities, or by reason of the manner in which section 8345(f) of title 5, United States Code, was applied by the Office of Personnel Management prior to the date of enactment of this Act, and bars collection of overpayments made by reason of the Office's application of section 8345(f) prior to that date.

Subsection (f) provides, in paragraph (1), that the amendments made by sections 2(1)(A)-(B), 2(1)(D)-(E), 2(2), 2(7), 3, and 4 of the Act, excluding the government of the District of Columbia from the Civil Service Retirement System, the Federal Employees' Group Life Insurance

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(FEGLI) Program, and the Federal Employees Health Benefits (FEHB) Program, shall take effect on October 1, 1984, and shall apply to service performed on or after that date. It also provides that, notwithstanding paragraph (1), an individual who is employed by the government of the District of Columbia on September 30, 1984, and who is covered by Civil Service Retirement, FEGLI, or FEHB, is treated as though the enumerated amendments had not been enacted as long as the individual remains continuously employed. Leaving employment with the government of the District of Columbia for 365 days or less, or leaving to perform full-time military service and exercising reemployment rights under chapter 43 of title 38, United States Code, does not constitute a disruption of the continuous service, irrespective of whether the break begins before, on, or after September 30, 1984.

Subsection (g) provides that, notwithstanding the amendments to section 8340(b) of title 5, United States Code, made by section 2(4) of the Act, the amount of any adjustment in military retired or retainer pay under section 1401a of title 10, United States Code, that is determined by reference to section 8340(b) is to be determined as if such amendments had not been enacted.